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Primary education system improvements  
through introduction of vouchers:  
OFFERING CHOICES, IMPROVING EDUCATION  
Policy paper summary

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Elementary school system in Serbia suffers from many faults, but its two major failures are low performance (measured by scores of students on international student test) and high expenses (measured in public expenditures). Finances allocated to primary education are comparable to other European countries, but majority of them are allocated to staff salaries (approximately 90% of the Ministry of education's budget) due to high number of teachers. At the same time, teachers are not motivated to conduct their work professionally due to the overall lack of accountability of the educational system, as well as because a distorted system of incentives is in place. Teachers also have to perform many administrative tasks which leaves little room for improvements in teaching. This is the background in which Serbian students sit their PISA exams and in which they show poorer achievement than their peers in other European or ex-Yugoslavian countries.

This policy paper investigates major problems in the system of primary education stemming from the lack of accountability, coming both from within (teachers and other employees) and outside (Ministry of education, parents etc.) of schools. These problems can be taken on with an array of partial reforms or by implementation of more in depth reforms. The first solution is not certain to lead to any major improvements because it has already been tried and hasn't provided a breakthrough and the problems accumulated within the system are too great to be tackled without major changes.

The most important issue is the design of the system of incentives that would promote good practices. The chosen system is introduction of education vouchers instead of the current financing system, which would introduce more private initiative and competition among existing public schools.

An overview of the arguments pro et contra for educational vouchers are thoroughly examined. Furthermore, a set of recommendations is given concerning which exact model of voucherization should be used in Serbia, bearing in mind conditions within the society and the economy. The proposed model differs from similar programs in Nordic countries, being mandatory for all families who would want their children to pursue primary education in Serbia.

The amount of pecuniary supplements dedicated to a single voucher was calculated, using existing data from public and private schools regarding their income and expenses. The range of voucher values was proposed, in order to tailor the needs of different groups in society and reach specific educational policy of the government. The proposed solution relies upon a single value of vouchers which are granted by the central government, but can be to a certain measure altered by municipalities if they want to increase investments in education. The paper ends with practical steps which are to be taken in order to implement the policy of voucherization.